



**CHILDREN'S TRUST FUND BOARD  
TWO YEARS ENDED JUNE 30, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

Report No. 2001-115  
November 30, 2001  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

November 2001

The State Auditor conducted a financial and compliance audit of the Children's Trust Fund Board for the two years ended June 30, 2001. The State Auditor issued an unqualified opinion on the board's financial statements. In addition, the audit did not note any material instances of noncompliance nor any material weaknesses in internal controls.

The State Auditor conducts this regular audit as a voluntary service as requested by the Children's Trust Fund Board.

The Children's Trust Fund Board was established by state statute to provide child abuse and neglect public awareness programs throughout the state. Under statutory provisions, any individual or corporation may designate a part or all of his/her income tax refund to be contributed to the Children's Trust Fund. Additional funding is derived from contributions made directly to the Children's Trust Fund, fees on marriage licenses, certified copies of marriage licenses, vital records, and federal grants.

The board is empowered to enter into contracts with public or private agencies, schools, or qualified individuals to establish community-based educational and service programs focused on the prevention of child abuse and neglect. The programs include crisis care, home visiting, counseling, and support groups. The board also provides public education about the problem of child abuse and neglect and how Missouri citizens can contribute to prevention efforts.

Program disbursements of \$2.9 and \$1.7 million were distributed to recipient programs in fiscal years 2001 and 2000 respectively.

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YELLOW SHEET

CHILDREN’S TRUST FUND BOARD

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## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS**

Honorable Bob Holden, Governor  
and  
Members of the Children's Trust Fund Board  
and  
Bill Heberle, Executive Director  
Jefferson City, MO 65102

We have audited the accompanying special-purpose financial statements of the Children's Trust Fund of the Children's Trust Fund Board as of and for the years ended June 30, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the board's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash and the appropriations and expenditures of the Children's Trust Fund and are not intended to be a complete presentation of the financial position and results of operations of the Children's Trust Fund.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and the appropriations and expenditures of Children's Trust Fund as of and for the years ended June 30, 2001 and 2000, in conformity with the comprehensive bases of accounting discussed in Note 1,

which are bases of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 28, 2001, on our consideration of the board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the board's management and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

An integral part of the board's funding comes from federal awards. Those federal awards are reported on in the State of Missouri Single Audit Report issued by the State Auditor's office. The single audit is conducted in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

August 28, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Tom Kremer, CPA
Audit Manager:	Randy Doerhoff, CPA
In-Charge Auditor:	Rosemarie Edwards
Audit Staff:	Liang Xu



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor  
and  
Members of the Children's Trust Fund Board  
and  
Bill Heberle, Executive Director  
Jefferson City, MO 65102

We have audited the special-purpose financial statements of the Children's Trust Fund Board as of and for the years ended June 30, 2001, and 2000 and have issued our report thereon dated August 28, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of the Children's Trust Fund Board are free of material misstatement, we performed tests of the board's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of the Children's Trust Fund Board, we considered the board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one



or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of the Children's Trust Fund Board and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

August 28, 2001(fieldwork completion date)

## Financial Statements

Exhibit A

CHILDREN'S TRUST FUND  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH

	Year Ended June 30,	
	2001	2000
RECEIPTS		
Contributions	\$ 442,825	162,976
Marriage license fees	857,658	892,627
Vital records sales	610,845	618,051
Intergovernmental receipts	420,910	436,667
Registration fees	4,250	2,750
Interest	269,806	226,789
Interagency receipts	430,785	64,270
Miscellaneous refunds	12,559	0
Total Receipts	<u>3,049,638</u>	<u>2,404,130</u>
DISBURSEMENTS		
Personal service	155,691	173,500
Expense and equipment	76,058	97,700
Program disbursements	2,939,689	1,754,766
Other	13,860	12,960
Total Disbursements (Note 3)	<u>3,185,298</u>	<u>2,038,926</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(135,660)	365,204
OTHER FINANCING SOURCES (USES)		
Transfers in (Note 4)	157,531	162,460
Transfers out (Note 4)	<u>(71,601)</u>	<u>(99,521)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)	93,472	627,185
CASH BALANCE, JULY 1	<u>4,302,139</u>	<u>3,873,996</u>
CASH BALANCE, JUNE 30	\$ <u><u>4,252,409</u></u>	<u><u>4,302,139</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

CHILDREN'S TRUST FUND

COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

Year Ended June 30,						
	2001			2000		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
CHILDREN'S TRUST FUND						
Program disbursements	\$ 3,360,000	2,802,630	557,370	2,500,000	1,819,296	680,704
Personal service	182,871	155,691	27,180	175,313	173,500	1,813
Expense and equipment	146,239	76,058	70,181	146,239	97,700	48,539
Office lease, related services and utilities	17,700	13,860	3,840	12,960	12,960	0
Total Children's Trust Fund	<u>\$ 3,706,810</u>	<u>3,048,239</u>	<u>658,571</u>	<u>2,834,512</u>	<u>2,103,456</u>	<u>731,056</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

CHILDREN'S TRUST FUND BOARD  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present only selected data for the Children's Trust Fund of the Children's Trust Fund Board.

Receipts, disbursements and changes in cash are presented in Exhibit A for the Children's Trust Fund. Appropriations from this fund are expended by or for the board for restricted purposes.

Appropriations, presented in Exhibit B, are not separate accounting entities. They do not record the assets, liabilities, and equities of the related funds but are used only to account for and control the board's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the board and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statement of Receipts, Disbursements, and Changes in Cash, Exhibit A, prepared on the cash basis of accounting, presents amounts when they are received or disbursed.

The Statement of Appropriations and Expenditures, Exhibit B, is presented on the state's legal budgetary basis of accounting. For the year ended June 30, 2000, expenditures include amounts payable or encumbered at June 30 and paid during the lapse period, which ended August 31. The authority to expend appropriations ended with the close of the lapse period. For years ended on or after June 30, 2001, expenditures generally consist of amounts paid by June 30 with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriation.

However, both before and after June 30, 2000, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the two-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and

measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The board administers transactions in the Children's Trust Fund. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

The Children's Trust Fund was established by Section 210.173, RSMo 2000, to receive gifts, grants, and federal monies for establishing and developing programs to prevent or alleviate child abuse or neglect and for paying the administrative costs of the Children's Trust Fund Board. Appropriations from the fund authorize disbursements as directed by the Children's Trust Fund Board in accordance with the provisions under Sections 210.170 through 210.174, RSMo 2000. Any monies remaining in the fund are perpetually maintained for the purposes of the fund.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a monthly state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least one year.

The state's required contributions for employee fringe benefits are paid from the same fund as the related payrolls. These contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums, and the deferred compensation incentive amount.

Employee fringe benefits are included in the financial statement at Exhibit A as transfers from the Children's Trust Fund for costs related to salaries paid from that fund. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statement at Exhibit B.

2. Cash

The balance of the Children's Trust Fund is pooled with other state funds and invested by the state treasurer. In accordance with Section 210.173, RSMo 2000, the Children's Trust Fund maintains a perpetual reserve of \$1 million which is not available for expenditure.

3. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures on Exhibit B as follows:

	<u>Year Ended June 30,</u>	
	<u>2001</u>	<u>2000</u>
DISBURSEMENTS PER EXHIBIT A	\$ 3,185,298	2,038,926
Lapse period expenditures:		
2001	0	
2000	(137,059)	137,059
1999		<u>(72,529)</u>
EXPENDITURES PER EXHIBIT B	<u>\$ 3,048,239</u>	<u>2,103,456</u>

4. Transfers

The transfer in amounts are income tax contributions designated by individual and corporate taxpayers on their income tax returns under the provisions of Section 210.174, RSMo 2000.

The transfer out amounts include the Children's Trust Fund's proportional share of the refunds paid back to Missouri taxpayers under Article X, Sections 16 through 24 of the Constitution of Missouri (Hancock Amendment), employee fringe benefits, and other transfers related to office space as follows:

	<u>Year Ended June 30,</u>	
	<u>2001</u>	<u>2000</u>
Hancock Amendment refunds	\$ 23,121	41,072
Employee fringe benefits	41,306	46,902
Other	<u>7,174</u>	<u>11,547</u>
Total transfers out	<u>\$ 71,601</u>	<u>99,521</u>



## STATISTICAL SECTION

## History, Organization, and Statistical Information

## CHILDREN'S TRUST FUND BOARD HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Children's Trust Fund Board was established by Section 210.170, RSMo 2000, to provide child abuse and neglect public awareness programs throughout the state. Under the provisions of Section 210.174, RSMo 2000, any individual or corporation may designate a part or all of his/her income tax refund to be contributed to the Children's Trust Fund. Additional funding is derived from contributions made directly to the Children's Trust Fund, fees on marriage licenses, certified copies of marriage licenses, vital records, and federal grants.

The Children's Trust Fund Board has sixteen members. Twelve public members are appointed by the governor with the advice and consent of the Senate. Members serve until their successor is appointed. Two members of the Missouri House of Representatives are appointed by the speaker of the House and two members of the Missouri Senate are appointed by the president pro tem of the Senate. Members of the Senate and House of Representatives serve on the Children's Trust Fund Board until their term in the House or Senate expires. Members serving on the board as of August 2001 were:

<u>Members</u>	<u>City</u>	<u>Term Expires</u>
Richard Dunn	Springfield	September 2002
Dudley McCarter	St. Louis	September 2001
Dr. Nancy Bobrow	St. Louis	September 2003
Reverend Eugene Whelan	Independence	September 2000
Terry Bloomberg	St. Louis	September 2003
Dr. James Monteleone	Town & Country	September 2002
Duke McVey	Jefferson City	October 2000
Sam Burton	Rolla	September 2001
Kay Lynne Myers	Kansas City	September 2003
Cristy Broce	Raytown	September 2002
Kaye Steinmetz	Rolla	September 2002
Mildred Jamison	Florissant	September 2002
Representative Emmy McClelland	Webster Groves	
Representative Patrick Dougherty	St. Louis	
Senator Harold Caskey	Butler	
Senator Betty Sims	St. Louis	

The board is empowered to enter into contracts with public or private agencies, schools, or qualified individuals to establish community-based educational and service programs focused on the prevention

of child abuse and neglect. The programs include crisis care, home visiting, counseling, and support groups. The board also provides public education about the problem of child abuse and neglect. These programs include crisis care, home visiting, counseling, and support groups. The board also provides public education about the problem of child abuse and neglect and how Missouri citizens can contribute to prevention efforts.

The board may appoint an executive director to perform administrative duties. Bill Heberle was appointed Executive Director in November 1998. Three other employees perform various administrative and clerical tasks.